

Message Text

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STADIS//////////

FOR ASSISTANT SECRETARY HARTMAN

E.O. 11652: N/A

TAGS: TPHY, OSCI, ABUD, EFIN, PL

SUBJECT: SFCP-US-POLISH S&T COOPERATION

REF: A. STATE 250038

B. STATE 230380

1. I REFER TO OUR DISCUSSION OF THIS PROBLEM DURING YOUR VISIT HERE AND TO YOUR INTENTION TO PURSUE IT FOLLOWING YOUR RETURN TO WASHINGTON.

2. I APPRECIATE THE DIFFICULTIES THE DEPARTMENT IS ENCOUNTERING ON THE EXCESS-CURRENCY ISSUE. I AM CONCERNED THAT THE SECRETARY HAS APPARENTLY NOT BEEN APPRISED OF THE SITUATION BY TREASURY, WHICH AFFECTS AN INTERNATIONAL AGREEMENT TO WHICH HE SET HIS SIGNATURE. JUDGING BY THE AGENCIES' PERFORMANCE WITH CONGRESS THIS FY (WE UNDERSTAND THAT CONGRESS HAS DENIED SFCP APPROPRIATIONS TO INTERIOR AND SMITHSONIAN, AND OTHER AGENCIES ARE STILL IN DOUBT), I CANNOT SHARE THE OPTIMISM EXPRESSED REF B THAT WE CAN CARRY OUT OUR COMMITMENT TO DEPOSIT \$28-MILLION EQUIVALENT BY THE END OF 1976. IN THE LIGHT OF TREASURY'S ATTITUDE TO DATE, I AM ALSO DUBIOUS ABOUT ITS AGREEMENT TO PERMIT CONTRIBUTIONS ON AN AD-HOC BASIS DURING CALENDAR 1977, NOR WILL WE CONVINCE THE POLES THAT WE HAVE LIVED UP TO OUR OBLIGATION IF, IN THE END, WE CAN DO NO BETTER THAN THROW THE ONUS ON CONGRESS FOR FAILING TO APPROPRIATE

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NECESSARY FUNDS BEFORE DECEMBER 31, 1976, THE DATE ARBITRARILY

SET BY TREASURY.

3. IN MY VIEW, THE DEPARTMENT SHOULD TRY TO HAVE THE TREASURY DECISION RESCINDED IMMEDIATELY. IF THIS CANNOT BE ACHIEVED, HOWEVER, WE SHOULD ACT QUICKLY TO PRESENT THE NEW SITUATION TO THE POLES IN THE MOST FAVORABLE LIGHT POSSIBLE. THIS TASK WOULD HAVE BEEN EASED IF THE EMBASSY HAD BEEN INFORMED OF TREASURY'S DECISION BEFORE IT WAS PUBLISHED AND BEFORE THE DEPARTMENT INFORMED THE POLISH EMBASSY IN WASHINGTON (REFTEL A). I BELIEVE THE FIRST PRIORITY IS TO TAKE THE ISSUE OUT OF THE CATEGORY OF FAIT ACCOMPLI AND PRESENT IT FORMALLY TO THE POLES AS A REQUEST FOR MODIFICATION OF THE OCTOBER 8, 1974, AGREEMENT, IN ACCORDANCE WITH ARTICLE 8. WE SHOULD ALSO TRY TO REASSURE THE POLES THAT THIS REQUEST WILL NOT SUBSTANTIALLY ALTER OUR COMMITMENT. I THEREFORE REQUEST APPROVAL FOR THE TRANSMITTAL OF A LETTER ALONG THE FOLLOWING LINES TO STANISLAW PAWLISZEWSKI, IN HIS CAPACITY AS CO-CHAIRMAN OF THE JOINT BOARD:

" DEAR MR. PAWLISZEWSKI:

REFERRING TO THE DISCUSSION THAT TOOK PLACE IN WASHINGTON SEPTEMBER 26, 1975, BETWEEN DR. GANLEY AND SCIENCE CONSELOR CZULNO, THIS WILL CONFIRM THAT THE U.S. DEPARTMENT OF THE TREASURY HAS DECIDED TO END THE EXCESS-CURRENCY DESIGNATION FOR THE POLISH ZLOTY AS OF DECEMBER 31, 1976. THIS DECISION WAS PUBLISHED BY THE OFFICE OF MANAGEMENT AND BUDGET ON SEPTEMBER 22, 1975, IN BULLETIN 76-5.

THIS DECISION WILL NECESSITATE ACCELERATION OF DEPOSITS TO THE JOINT FUND BY THE U.S. AGENCIES CONCERNED, SO THAT THE GOAL OF 558-MILLION ZLOTYS ON DEPOSIT AS THE US CONTRIBUTION IS REACHED BEFORE DECEMBER 31, 1976, RATHER THAN SEPTEMBER 30, 1978. I HAVE EVERY ASSURANCE THAT THE US AGENCIES WILL ATTAIN THIS GOAL AND THAT THE JOINT FUND AGREEMENT NEED NOT BE MODIFIED IN ANY OTHER SUBSTANTIAL RESPECT. YOUR COOPERATION AND THAT OF YOUR COLLEAGUES IN MAKING THESE ACCELERATED DEPOSITS POSSIBLE WILL BE GREATLY APPRECIATED.

THE U.S. SIDE PROPOSES THAT THE FOLLOWING CHANGES BE LIMITED OFFICIAL USE

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MADE IN THE OCTOBER 8, 1974, AGREEMENT, IN ACCORDANCE WITH ARTICLE 8 OF THAT AGREEMENT:

1. ARTICLE 1(2). OMIT: "SEPTEMBER 30, 1978, IN FOUR ANNUAL AND APPROXIMATELY EQUAL INSTALLMENTS"; SUBSTITUTE THEREFOR: "DECEMBER 31, 1971."

2. ARTICLE 1(2). OMIT: "NO LATER THAN SEVEN MONTHS";

SUBSTITUTE THEREFOR: "NO LATER THAN TWENTY-NINE MONTHS".
WITH REGARD TO INTERNATIONAL TRAVEL AND TRAVEL-RELATED COSTS,
THE US AGENCIES WILL HENCEFORTH PRE-OBLIGATE MONIES IN THEIR
JOINT FUND DEPOSITS TO COVER FULLY ANTICIPATED TRAVEL OF U.S.
AND POLISH SCIENTISTS THROUGH SEPTEMBER 30, 1978, AS
SPECIFIED IN ARTICLE 5 OF THE AGREEMENT.

YOUR AFFIRMATIVE RESPONSE IN WRITING TO THE
PROPOSED CHANGES IN THE AGREEMENT WILL BE TAKEN AS
FORMAL CONCURRENCE BY THE POLISH GOVERNMENT. IF
YOU HAVE ANY QUESTIONS OR COMMENTS, PLEASE DO NOT
HESITATE TO CONTACT ME AT ANY TIME ON THIS MATTER.

SINCERLY,

ALLEN S. GREENBERG
COUNSELOR FOR SCIENTIFIC AND
TECHNOLOGICAL AFFAIRS"

4. WE ASSUME THAT THE STOESSEL-KRZAK AGREEMENT IS NOT AFFECTED BY
THE CHANGE IN EXCESS-CURRENCY DESIGNATION, AND THAT AGENCIES WILL BE
ABLE TO MAKE PRE-OBLIGATIONS FOR TRAVEL AS STATED ABOVE. WE
SUGGEST THE DEPARTMENT CONSULT WITH INTERIOR AND SMITHSONIAN (WHICH
HAVE ONLY SINGLE-YEAR OBLIGATION AUTHORITY) TO ENSURE THAT THEIR
TRAVEL CAN BE FUNDED THROUGH OCTOBER 30, 1978.

5. IN VIEW OF THE MANY AND PRESSING QUESTIONS FACING THE JOINT
BOARD, I SUGGEST THAT CONSIDERATION BE GIVEN TO HOLDING THE NEXT
JOINT BOARD MEETING IN LATE NOVEMBER, 1975, RATHER THAN JANUARY/
FEBRUARY, 1976. THIS WOULD PROVIDE AN EARLY OPPORTUNITY
FOR A FULL AND FRANK DISCUSSION WITH THE POLES OF THE IMPACT OF THE
TREASURY DECISION, AND PERMIT MAXIMUM TIME TO WORK OUT CHANGES
THAT MAY BE REQUIRED BEFORE THE END
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OF 1976. PLEASE ADVISE.
DAVIES

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